

Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, (H.R. 2202) to amend the Immigration and Nationality Act to improve deterrence of illegal immigration to the United States by increasing border patrol and investigative personnel, by increasing penalties for alien smuggling and for document fraud, by reforming exclusion and deportation law and procedures, by improving the verification system for eligibility for employment, and through other measures, to reform the legal immigration system and facilitate legal entries into the United States, and for other purposes, had come to no resolution thereon.

□ 2230

#### SPECIAL ORDERS

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Guam [Mr. UNDERWOOD] is recognized for 5 minutes.

[Mr. UNDERWOOD addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. SMITH] is recognized for 5 minutes.

[Mr. SMITH of Michigan addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from the District of Columbia [Ms. NORTON] is recognized for 5 minutes.

[Ms. NORTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

#### THE STUDENT LOAN PROGRAM AND THE DEPARTMENT OF EDUCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Carolina [Mr. GRAHAM] is recognized for 5 minutes.

Mr. GRAHAM. Mr. Speaker, I would like to take this opportunity to bring up a subject that is on many people's minds and affects every Member of this body, and that is the student loan program and the Department of Education's mishandling of almost 1 million student loan financial aid applications. I have got behind me here an article in last week's Chronicle of Higher Education. The article is titled, "Sort-

ing Out a Foul-up in Student Loans." The foul-up is that 900,000 financial aid applications that should have already been processed by the Department of Education are in a bureaucratic backlog caused by the irresponsible mismanagement of the student loan program.

Before we go any further, I think it is important to note the way the student loan program works. Most student loans are guaranteed by the Federal Government, and the money comes from a private banking institution. The banks will be reimbursed in the event of a default, 98 cents on the dollar. We are trying to streamline that process to have more risk being shared by the private sector. But believe it or not, there is a move afoot to replace private-sector capital, private-sector enterprise and have the Federal Government become the sole lending agency for student loans in this country. Can you imagine the Department of Education becoming the third largest consumer loan entity in the United States?

Now, what this means is that there is a move afoot by this administration to replace the private sector totally where we share risk with the private sector. The Federal Government co-signs these notes and in the event of a default, the private sector absorbs part of the loan default and the Federal Government absorbs the largest part. But the direct lending program advocated by the administration would totally take the private sector out. The Department of Education would become the third largest consumer loan institution in America.

You would have bureaucrats at the Department of Education become bankers. They would lend the money. They would collect the money in theory and it would be a disaster. It would be a disaster for the taxpayer. It would be a disaster for the students because the very same group that would be in the banking business is the very same group that is trying to process applications for loans that would be approved by the private sector. The state of that situation is that 900,000 student loan applications are backlogged and the Department of Education is trying to blame it on the snow and the shutdown of the government for 21 days. Both of them are just flat false reasons.

The truth is that it is a very bureaucratic, very ineffective system that they have in place to process these loans. The last thing in the world we need to do is to extend their power, not only let them process the applications but lend and collect the money. That would be disastrous for the American taxpayer.

Mr. HOEKSTRA. Mr. Speaker, will the gentleman yield?

Mr. GRAHAM. I yield to the gentleman from Michigan.

Mr. HOEKSTRA. Mr. Speaker, it is very interesting. The Secretary of education has moved this into the political arena and has identified the govern-

ment shutdown, the weather as being reasons why they have this tremendous backlog. In reality, the reason for this backlog is last fall the department was late in developing the new forms. They had some severe computer start-up problems. The Secretary of Education had the authority, actually had the responsibility to keep the people working who worked on the student loan program during the government shutdown but decided not to have those people employed and to furlough them even though they are on permanent appropriations.

As oversight chairman, we challenged that decision by the Secretary of Education. The OMB came back and instructed the Secretary of Education that their application of government rules and regulations was being applied inappropriately, that these people should be at work, and so now to come back and put the blame on Congress is totally inappropriate.

I think the gentleman brings out another good point here because we had a hearing today. We had a hearing on the Corporation for National Service. The same thing that is going on with the student loan program is going on with the Corporation for National Service, the student loan program is mismanaged, mismanagement of financial resources. Corporation for National Service, \$500 million per year of taxpayers' spending, the books for 1994, the books for 1995 are not auditable. This is not just student loans, this is a pattern of mismanagement of tax dollars throughout a number of different agencies through the Federal bureaucracy.

I thank the gentleman for yielding.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee [Mr. GORDON] is recognized for 5 minutes.

[Mr. GORDON addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado [Mr. MCINNIS] is recognized for 5 minutes.

[Mr. MCINNIS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

#### BRIDGEHAMPTON KILLER BEES WIN NEW YORK STATE CLASS D BOYS BASKETBALL CHAMPIONSHIP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. FORBES] is recognized for 5 minutes.

Mr. FORBES. Mr. Speaker, I rise today to pay a special tribute and to congratulate the championship Bridgehampton Killer Bees for winning the New York State Class D boys basketball championship. It is indeed a